

Arizona: AZ Liquor Wholesalers and Retailers Under Investigation by State Liquor Department

Source: Phoenix New Times
By Nikki Buchanan
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Lee Hill, Communications Director for Arizona's Department of Liquor Licenses and Control, has confirmed a rumor that's been flying around the restaurant industry for weeks:

The department is conducting a statewide investigation of the relationships between licensed wholesalers (liquor distributors and wineries, for example) and licensed retailers (restaurants, hotels, resorts, nightclubs, wine bars and liquor stores, including big boxes).

Here's what they're investigating and what it might mean for the rest of us.

Because the investigation is open and ongoing, the department refused to share any details, including which businesses are in the spotlight. However, Hill directed me to two liquor industry advisories on the department's website that outline laws -- and therefore possible violations.

The liquor department could be looking at wholesalers who have bribed retailers with money, services, fixtures, signs, supplies or other things of value (including free trips) or who have offered bonuses or compensation to retailers for buying the wholesaler's products.

Other violations might involve wholesalers who have offered samples too generously, leaving retailers with whole bottles to sample at their leisure instead of requiring the retailer to take samples at a designated time with the wholesaler in attendance in amounts outlined by law: 12 ounces of beer, six ounces of wine and two ounces of spirits per person per brand.

It's likely that wholesalers' and retailers' books are being audited.

Wholesalers and retailers found guilty could be heavily fined or forced to close their businesses for a set number of days or weeks.

An unnamed wine expert who declines to go on the record for fear of job loss or blacklisting in the industry says he's well aware of the investigation, and that it's uncovering practices that have gone on for many years. He theorizes that in recent memory, Arizona's liquor department has placed its emphasis on under-age drinking -- leaving wholesalers and retailers to conduct business on the honor system.

The wine expert maintains that these practices are nationwide and hardly exclusive to Arizona and that rumors that the FBI is involved in the investigation are probably founded, given the limited resources the state of Arizona would have for such a wide-scale investigation.

A wine rep who also spoke anonymously says the investigation has made it impossible for wholesalers to operate in the way they have for years, which, apparently, involved leaving wine or liquor bottles (for practicality's sake as much as anything else), giving out logo'd umbrellas and other freebies and donating liquor for charity events.

"There used to be gray areas, but there's no gray anymore," she laments. "The department is strict with everything now."

Chow Bella will keep you posted regarding further developments as we report them.